

Recapitulation:

Net Factor Income from Abroad: NFIA

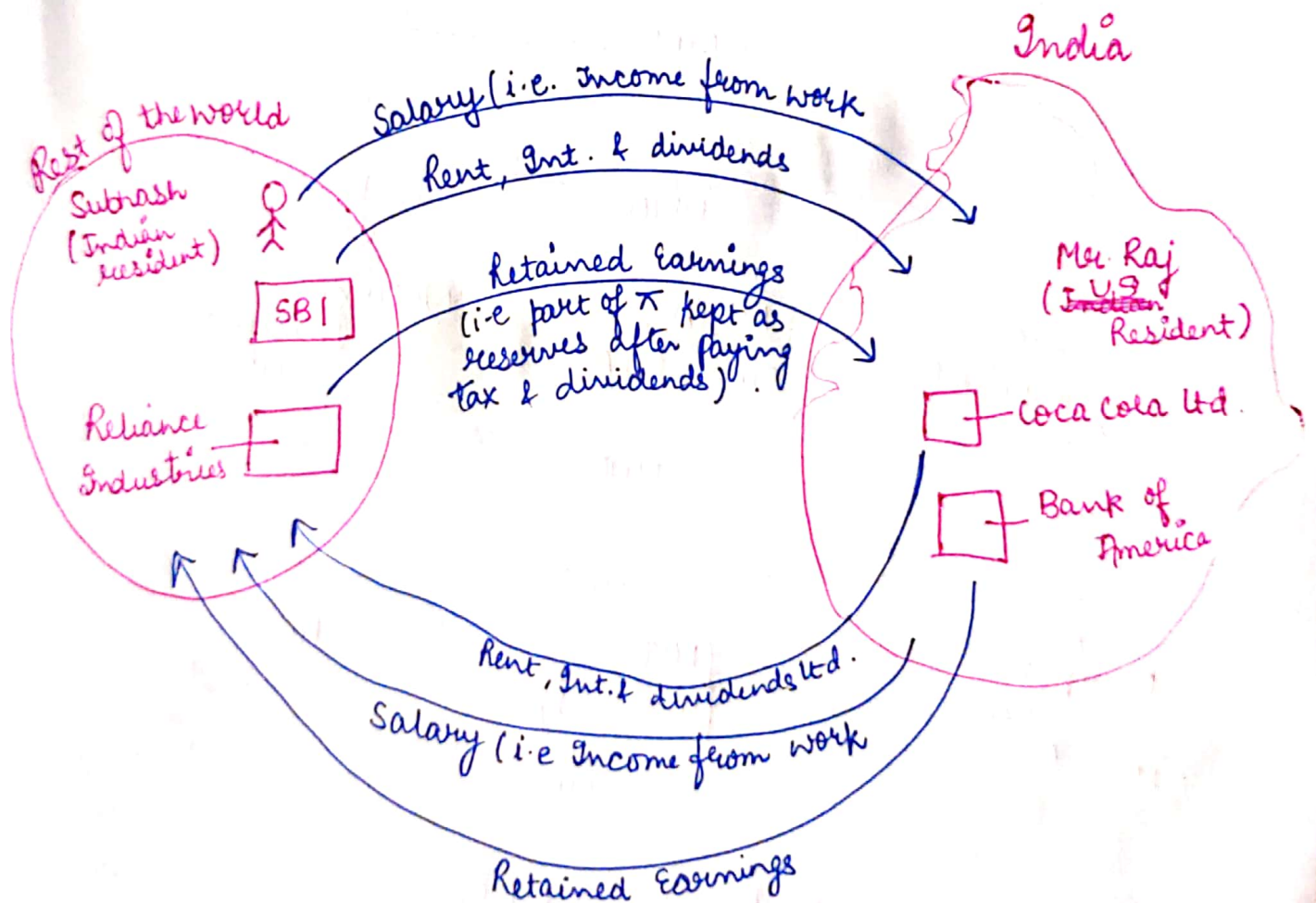
$$NFIA = FIFA - FITA$$

FIFA - Factor Income from Abroad

- Compensation of employees
- property
- retained earnings

FITA - factor Income to abroad.

FACTOR INCOME FROM ABROAD



FACTOR INCOME TO ABROAD

Unit I: National Income & Related Aggregates Source: Sandeep Choudhary

Terms:

1. **Domestic Product**: - Sum of Value added together by all the producers in the domestic territory of a country during a year, whether this activity is done by the Indians or foreigners.

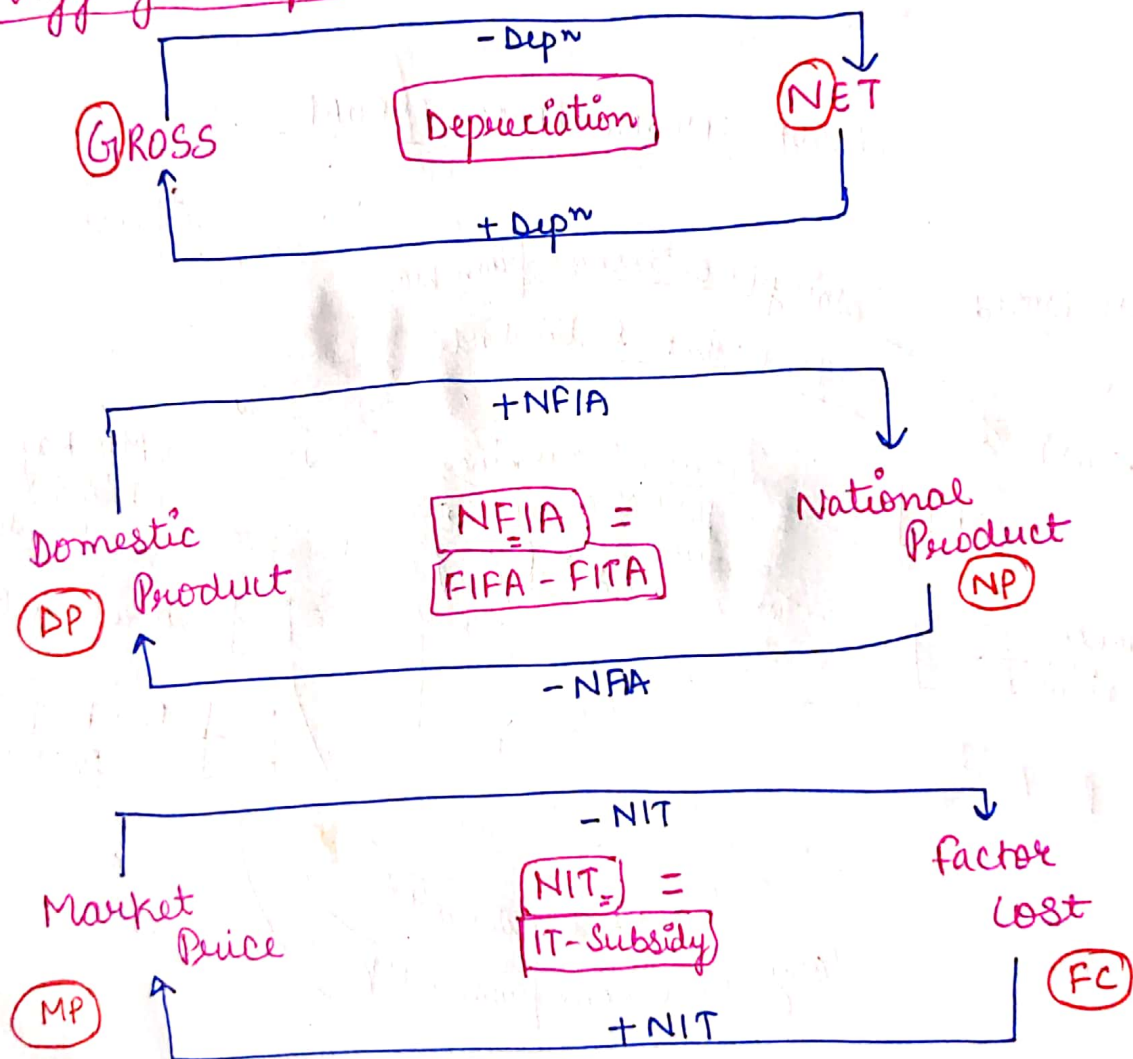
territorial concept

2. **National Product**: Sum of Value added together by the normal residents of a country whether within the domestic territory or outside the domestic territory.

Economic Concept

∴ **National Product** = Domestic Product + Net factor Income from Abroad.

Aggregates of National Income



- | | | |
|--------------|--------------|--------------|
| - GNP_{FC} | - NNP_{FC} | - NDP_{FC} |
| - NDP_{MP} | - NDP_{MP} | - GDP_{FC} |
| - GDP_{MP} | - NNP_{MP} | |

Terms:

1. GDP_{MP} - It refers to gross market value of all final goods & services produced within the domestic territory of a country during a period of one year.
2. NDP_{MP} = It refers to net market value of all final goods & services produced within the domestic territory of a country during a period of one year.

Formation of Related Aggregates & Conversion

1. $GDP_{MP} = GNP_{MP} - NFIA$
↑
2. $GNP_{MP} = GDP_{FC} + NFIA + NIT$
↑ ↑
3. $GDP_{FC} = NDP_{FC} + Dep^n$
↑
4. $NNP_{FC} = NDP_{MP}$ _____
5. $NDP_{MP} = NDP_{FC}$ _____
6. $GNP_{FC} = GNP_{MP}$ _____
7. $NDP_{FC} = GDP_{MP}$ _____
8. $GDP_{FC} = NNP_{FC}$ _____
9. $NDP_{MP} = GNP_{FC}$ _____
10. $GNP_{MP} = GDP_{MP}$ _____

Questions for Practice

Find out?

1. $GDP_{MP} = 100$, $NFIA = 10$, $Dep^n = 5$, $NIT = 10$ GNP_{FC}
2. $GNP_{FC} = 200$, $NIT = 20$, $NFIA = -20$,
consumption of fixed cap = 50 NNP_{FC}
3. $NNP_{FC} = 300$, $NIT = 50$, $NFIA = 80$, $Dep^n = 30$ GDP_{MP}
4. $GNP_{FC} = 1000$, $NIT = 80$, $NFIA = -5$, $Dep^n = 0$ NNP_{MP}
5. $GDP_{MP} = 2000$
 $IT = 50$ $Dep^n = 0$
Subsidy = 5
 $NFIA = -10$
 $NNP_{FC} = ?$

$$NNP_{FC} = GDP_{MP} - Dep^n + NFIA - NIT$$

$$\begin{aligned}
 &= 2000 - 0 + (-10) - (50 - 5) \\
 &= 2000 - 0 - 10 - 45 \\
 &= 2000 - 55 \\
 &= 945
 \end{aligned}$$